

CLAY COUNTY BOARD OF COMMISSIONERS

Tuesday, July 9, 2013

10:30 a.m.

County Board Room – 3rd Floor – Courthouse

M I N U T E S

The Clay County Board of Commissioners met in regular session with all Commissioners present: Campbell, Evert, Gross, Ingersoll and Weyland. County Administrator Brian C. Berg, Assistant County Attorney Jenny Samarzja, and Senior Administrative Assistant Vicki Reek were also present.

APPROVAL OF AGENDA

On motion by Campbell, seconded by Gross, and unanimously carried, the agenda was approved with the addition of: Request to fill Social Worker vacancy.

CITIZENS TO BE HEARD

There were no citizens present who wished to address the Board.

AUTHORIZATION TO EXECUTE AFFILIATION EDUCATION AGREEMENT WITH
UNIVERSITY OF WISCONSIN/GREEN BAY

By consent agenda, the Board authorized execution of an Affiliation Education Agreement with the University of Wisconsin/Green Bay to allow students to work with Clay County Public Health nursing staff.

REQUEST TO FILL VACANCY IN TREASURER'S OFFICE

County Auditor-Treasurer Lori Johnson informed the Board of a Deputy Treasurer vacancy in the Treasurer's Office. A part time Deputy Treasurer has been moved into the full time position. Ms. Johnson requested Board approval to fill the vacated part time position, which is 60% Deputy Treasurer, 20% Social Services accounting, and 20% Motor Vehicle.

On motion by Campbell, seconded by Evert, and unanimously carried, the Board approved filling the vacancy in the Treasurer's office as described above.

REQUEST TO FILL SOCIAL WORKER VACANCY

On motion by Weyland, seconded by Campbell, and unanimously carried, the Board approved filling a Social Worker vacancy, and if filled from within, to backfill the vacated position.

COMMITTEE REPORTS/COUNTY ADMINISTRATOR UPDATE

Commissioner Evert attended the Highway Tracking Committee and Solid Waste Advisory Committee meetings.

Commissioner Campbell attended the Highway Tracking Committee and Solid Waste Advisory Committee meetings.

Commissioner Ingersoll attended the Moorhead Planning Commission meeting.

County Administrator Brian C. Berg reported on the progress of the 2014 Budget, FM Diversion Administration meeting, Highway Tracking Committee, Solid Waste Advisory Committee, Personnel evaluations, and concerns from the City of Dilworth regarding increase in fees for assessments.

APPROVAL TO PAY BILLS AND VOUCHERS

On motion by Campbell, seconded by Gross, and unanimously carried, the bills and vouchers were approved for payment.

RECESS

The Board recessed at 10:45 a.m. and reconvened at 11:00 a.m.

AWARD SALE OF \$2,000,000 GENERAL OBLIGATION WATERSHED IMPROVEMENT BONDS
(BUFFALO-RED RIVER WATERSHED DISTRICT)

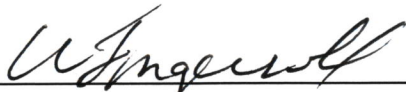
Ms. Shelly Eldridge, Ehlers & Associates, presented the bid tabulation for the sale of \$2,000,000 General Obligation Watershed Improvement Bonds for projects in the Buffalo-Red River Watershed District (BRRWD). Four bids were received, ranging from 2.0584% to 2.2140%. Baird, Milwaukee, WI, submitted a bid which included a premium of \$89,054, resulting in a True Interest Cost of 2.0679%. Ms. Eldridge noted that issuance costs are roughly \$4700 less than expected, allowing more funds to be put into project costs, specifically the Manston Slough project.

BRRWD Administrator Bruce Albright was appreciative of the Board's action in considering the sale of bonds, which will spread payments out over the life of the bond and allow for a lower interest rate than is available to the BRRWD.

On motion by Evert, seconded by Weyland, and unanimously carried, the Board adopted Resolution 2013-40, Authorizing the Issuance, Awarding the Sale, Prescribing the Form and Details and Providing for the Payment of \$2,000,000 General Obligation Watershed Improvement Bonds, Series, 2013B (See Attachment "A").

ADJOURN

The meeting adjourned at 11:15 a.m.



Wayne Ingersoll, Chair
Clay County Board of Commissioners



Brian C. Berg, County Administrator

CERTIFICATION OF MINUTES RELATING TO
GENERAL OBLIGATION WATERSHED IMPROVEMENT BONDS, SERIES 2013B

County: Clay County, Minnesota

Governing Body: Board of Commissioners

Kind, date, time and place of meeting: A regular meeting held on July 9, 2013 at 11:00 o'clock a.m., at the County offices in Moorhead, Minnesota.

Members present: Campbell, Evert, Gross, Ingersoll, Weyland

Members absent: None

Documents Attached:

Minutes of said meeting (including):

RESOLUTION NO. 2013-40

RESOLUTION AUTHORIZING ISSUANCE, AWARDED SALE,
PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR
THE PAYMENT OF \$2,000,000 GENERAL OBLIGATION
WATERSHED IMPROVEMENT BONDS, SERIES 2013B

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the bonds referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said bonds; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer on 7/9, 2013.


County Auditor

It was reported that 4 sealed proposals for the purchase of the \$2,000,000 General Obligation Watershed Improvement Bonds, Series 2013B were received prior to 9:30 A.M., on Tuesday, July 9, 2013, pursuant to the Official Statement distributed to potential purchasers of the Bonds by Ehlers & Associates, Inc., financial advisor to the County. The proposals have been publicly opened, read and tabulated and were found to be as follows:

(See Attached)

Commissioner Evert introduced the following resolution and moved its adoption, which motion was seconded by Commissioner Weyland:

RESOLUTION AUTHORIZING ISSUANCE, AWARDING SALE,
PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR
THE PAYMENT OF \$2,000,000 GENERAL OBLIGATION
WATERSHED IMPROVEMENT BONDS, SERIES 2013B

BE IT RESOLVED by the Board of Commissioners (the Board) of Clay County, Minnesota (the County), as follows:

SECTION 1. AUTHORIZATION, FINDINGS AND SALE.

1.01. Authority. The managers of the Buffalo-Red River Watershed District (the District) have undertaken to make improvements pursuant to Minnesota Statutes, Chapters 103D and 103E consisting of the construction of watershed improvements for Project No. 39, Georgetown Levee Improvements; Project No. 50, Cromwell Township Outlet; Project No. 56, Manston Slough Restoration; Project No. 65, County Line Outlet; Project No. 70, Crystal Creek; Project No. 71, City of Moorhead 50th Ave. S.; Project No. 72, Wilkin County Ditch No. 22- Lat. 3 Improvement and Project No. 73, Country Heritage Ditch Improvement (collectively, the Projects), and have advised this Board that all proceedings necessary to the undertaking and construction of the Projects and the levy of special assessments against the property benefited thereby have been duly and lawfully conducted pursuant to and in accordance with the provisions of Minnesota Statutes, Chapter 103D and 103E. The total cost of the Projects, aggregating the costs of construction, engineering, legal and administrative fees and the costs incidental to the sale and issuance of the Bonds hereinafter authorized as shown by the report and order of the managers of the District and approved by this Board, is \$14,502,591.05, of which \$2,000,000 are expected to be paid from Bond proceeds.

1.02. Findings. The Board has determined it to be in the best interests of the County to authorize the issuance and sale of its General Obligation Watershed Improvement Bonds, Series 2013B (the Bonds), in the aggregate principal amount of \$2,000,000, pursuant to Minnesota Statutes, Chapter 475, Chapter 103D and Section 103E.635, to finance certain costs of the Projects.

1.03. Sale. The County has retained Ehlers & Associates, Inc., as independent financial advisors in connection with the sale of the Bonds. Pursuant to Minnesota Statutes, Section 475.60, subdivision 2, paragraph (9), the requirements as to public sale do not apply to the issuance of the Bonds. Pursuant to the Official Statement prepared on behalf of the County by Ehlers & Associates, Inc., sealed proposals for the purchase of the Bonds were received at or before the time specified for receipt of proposals. The proposals have been opened and publicly read and considered, and the purchase price, interest rates and net interest cost under the terms of each proposal have been determined. The most favorable proposal received is that of Baird, in Milwaukee, Wisconsin (the Purchaser), to purchase the Bonds at a price of \$2,076,929.00 plus

accrued interest on all Bonds to the day of delivery and payment, on the further terms and conditions hereinafter set forth.

1.04. Award. The sale of the Bonds is hereby awarded to the Purchaser, and the Chairperson and County Auditor are hereby authorized and directed to execute a contract on behalf of the County for the sale of the Bonds in accordance with the terms of the proposal. The good faith deposit of the Purchaser shall be retained and deposited by the County until the Bonds have been delivered, and shall be deducted from the purchase price paid at settlement.

SECTION 2. BOND TERMS; REGISTRATION; EXECUTION AND DELIVERY.

2.01. Issuance of Bonds. All acts, conditions and things which are required in strict accordance with the provisions of the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapters 103D, 103E and 475, as amended, to be done, to exist, to happen, and to be performed precedent to and in valid issuance of the Bonds having been done, now existing, having happened and having been performed, it is necessary for the Board to establish the form and terms of the Bonds, to provide security therefore, and to issue the Bonds forthwith.

2.02. Maturities; Interest Rates; Denominations and Payment. The Bonds shall be originally dated as of August 1, 2013, shall be in the denomination of \$5,000 each, or any integral multiple thereof, shall mature on February 1 in the years and amounts stated below, and shall bear interest from the date of original issue until paid or duly called for redemption at the annual rates set forth opposite such years and amounts, as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2015	\$265,000	2.00%
2016	270,000	3.00%
2017	275,000	3.00%
2018	285,000	3.00%
2019	295,000	3.00%
2020	300,000	3.00%
2021	310,000	3.00%

The Board hereby finds and determines that such maturities are warranted by the anticipated collection of the special assessments levied with respect to the Projects.

The Bonds shall be issuable only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof shall be payable by check or draft issued by the Registrar described herein, provided that, so long as the Bonds are registered in the name of a securities depository, or a nominee thereof, in accordance with Section 2.08 hereof, principal and interest shall be payable in accordance with the operational arrangements of the securities depository.

2.03. Dates and Interest Payment Dates. Upon initial delivery of the Bonds pursuant to Section 2.07 and upon any subsequent transfer or exchange pursuant to Section 2.06, the date of authentication shall be noted on each Bond so delivered, exchanged or transferred. Interest on the Bonds shall be payable on February 1 and August 1, commencing February 1, 2014, each such date being referred to herein as an Interest Payment Date, to the person in whose names the Bonds are registered on the Bond Register, as hereinafter defined, at the Registrar's close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date, whether or not such day is a business day. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

2.04. Redemption.

(a) Optional Redemption. The Bonds will not be subject to optional redemption prior to their stated maturity dates.

2.05. Appointment of Initial Registrar. The County hereby appoints U.S. Bank National Association, in St. Paul, Minnesota as the initial bond registrar, transfer agent and paying agent (the Registrar). The Chairperson and County Auditor are authorized to execute and deliver, on behalf of the County, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The County agrees to pay the reasonable and customary charges of the Registrar for the services performed. The County reserves the right to remove the Registrar upon not fewer than thirty days' written notice and upon the appointment of and acceptance by a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the bond register to the successor Registrar.

2.06. Registration. The effect of registration and the rights and duties of the County and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its principal corporate trust office a Bond Register in which the Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged. The term Holder or Bondholder as used herein shall mean the person (whether a natural person, corporation, association, partnership, trust, governmental unit, or other legal entity) in whose name a bond is registered in the Bond Register.

(b) Transfer of Bonds. Upon surrender for transfer of any Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer

after the fifteenth day of the month preceding each interest payment date and until such interest payment date.

(c) Exchange of Bonds. Whenever any Bonds are surrendered by the registered owner for exchange the Registrar shall authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity, as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. All Bonds surrendered for payment, transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the County. The Registrar shall furnish the County at least once each year a certificate setting forth the principal amounts and numbers of Bonds canceled or destroyed.

(e) Improper or Unauthorized Transfer. When any Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The County and the Registrar may treat the person in whose name any Bond is at any time registered in the Bond Register as the absolute owner of the Bond, whether the Bond shall be overdue or not, for the purpose of receiving payment of or on account of, the principal of and interest on the Bond and for all other purposes; and all payments made to any registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Bonds (except for an exchange upon a partial redemption of a Bond), the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that the Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the County and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the County. If the mutilated, destroyed, stolen or lost Bond has already matured or been

called for redemption in accordance with its terms it shall not be necessary to issue a new Bond prior to payment.

(i) Authenticating Agent. The Registrar is hereby designated authenticating agent for the Bonds, within the meaning of Minnesota Statutes, Section 475.55, Subdivision 1, as amended.

(j) Valid Obligations. All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the County, evidencing the same debt, and entitled to the same benefits under this Resolution as the Bonds surrendered upon such transfer or exchange.

2.07. Execution, Authentication and Delivery. The Bonds shall be prepared under the direction of the County Auditor and shall be executed on behalf of the County by the signatures of the Chairperson and County Auditor, provided that the signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Bonds have been prepared, executed and authenticated, the County Auditor shall deliver them to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore executed, and the Purchaser shall not be obligated to see to the application of the purchase price.

2.08. Securities Depository. The following provisions shall apply, unless otherwise designated by the Purchaser:

(a) For purposes of this section the following terms shall have the following meanings:

“Beneficial Owner” shall mean, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such person’s subrogee.

“Cede & Co.” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

“DTC” shall mean The Depository Trust Company of New York, New York.

“Participant” shall mean any broker-dealer, bank or other financial institution for which DTC holds Bonds as securities depository.

"Representation Letter" shall mean the Representation Letter pursuant to which the sender agrees to comply with DTC's Operational Arrangements.

(b) The Bonds shall be initially issued as separately authenticated fully registered bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Registrar and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this resolution, registering the transfer of Bonds, and for all other purposes whatsoever, and neither the Registrar nor the County shall be affected by any notice to the contrary. Neither the Registrar nor the County shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the bond register as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the County to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the County determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bonds in the form of bond certificates, the County may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Bonds in the form of certificates. In such event, the Bonds will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the County and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (e) hereof.

(d) The execution and delivery of the Representation Letter to DTC, if not previously filed with DTC, by the Chairperson or County Auditor is hereby authorized and directed.

(e) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted

transferee in accordance with the provisions of this resolution. In the event Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Bonds, or another securities depository as owner of all the Bonds, the provisions of this resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of bond certificates and the method of payment of principal of and interest on such Bonds in the form of bond certificates.

2.09. Form of Bonds. The Bonds shall be prepared in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA

CLAY COUNTY

GENERAL OBLIGATION WATERSHED IMPROVEMENT BOND, SERIES 2013B

R- \$

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP No.</u>
%	February 1, 20__	August 1, 2013	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

CLAY COUNTY, MINNESOTA (the County), acknowledges itself to be indebted and hereby promises to pay to the registered owner named above, or registered assigns, the principal amount specified above on the maturity date specified above, with interest thereon from the date of original issue specified or from the most recent interest payment date to which interest has been paid or duly provided for at the annual rate specified above, payable on February 1 and August 1 of each year, commencing February 1, 2014, to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month, [without option of redemption prior to maturity]. Interest hereon shall be computed on the basis of a 360-day year composed of twelve 30-day months. The interest hereon and, upon presentation and surrender hereof, the principal hereof are payable in lawful money of the United States of America by check or draft drawn on U.S. Bank National Association, St. Paul, Minnesota, as bond registrar, transfer agent and paying agent (the Registrar), or its designated successor under the Resolution described herein. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the County have been and are hereby irrevocably pledged.

This Bond is one of an issue in the aggregate principal amount of \$2,000,000 issued pursuant to a resolution adopted by the Board of Commissioners on July 9, 2013 (the Resolution), to finance the costs of improvements to the County watershed system (the Projects) and is issued by authority of and in strict accordance with the provisions of the Constitution and

laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Chapters 103D, 103E and 475. The Bonds are issuable only in fully registered form, in denominations of \$5,000 or any multiple thereof.

The Bonds are not subject to optional redemption prior to maturity.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the County at the principal office of the Registrar, by the registered owner hereof in person or by the owner's attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or the owner's attorney, and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the County will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

Notwithstanding any other provisions of this Bond, so long as this Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Registrar shall pay all principal of and interest on this Bond, and shall give all notices with respect to this Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the County.

The County and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the County nor the Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the County in accordance with its terms, have been done, do exist, have happened and have been performed as so required; that, prior to the issuance hereof, the Board of Commissioners has by the Resolution covenanted and agreed to levy special assessments upon property specially benefited by the Projects in an amount not less than the total amount of Bonds issued with respect thereto, which assessments are estimated to be collectible in years and amounts sufficient to produce sums not less than 5% in excess of the principal of and interest on the Bonds when due, and has appropriated such special assessments to its General Obligation Watershed Improvement Bonds, Series 2013B Bond Fund for the payment of such principal and interest; that if necessary for payment of such principal and interest, ad valorem taxes are required to be levied upon all taxable property in the County, without limitation as to rate or amount; that all proceedings relative to the construction, improvement or repair of the ditches financed by this Bond have been or will be taken according to law; and that the issuance of this Bond, together with all other indebtedness of the County outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause

the indebtedness of the County to exceed any constitutional or statutory limitation of indebtedness.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, Clay County, Minnesota, by its Board of Commissioners, has caused this Bond to be executed on its behalf by the facsimile signatures of the Chairperson and County Auditor.

CLAY COUNTY, MINNESOTA

(Facsimile Signature-County Auditor)

(Facsimile Signature-Chairperson)

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

U.S. BANK NATIONAL
ASSOCIATION, as Registrar

By _____
Authorized Representative

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to the applicable laws or regulations:

TEN COM -- as tenants in common	UTMA as Custodian for (Cust) (Minor)
TEN ENT -- as tenants by the entireties	under Uniform Transfers to Minors Act (State)
JT TEN -- as joint tenants with right of survivorship and not as tenants in common	

Additional abbreviations may also be used.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed: _____
Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE:

[end of bond form]

SECTION 3. USE OF PROCEEDS. Upon payment for the Bonds by the Purchaser, the County Auditor shall apply the proceeds of the Bonds as follows: (a) \$2,015,954.00 shall be deposited in the Construction Fund created pursuant to Section 4 hereof and (b) \$0 (constituting accrued interest) shall be deposited in the Bond Fund created pursuant Section 5 hereof.

SECTION 4. CONSTRUCTION FUND. There is hereby established on the official books and records of the County a General Obligation Watershed Improvement Bonds, Series 2013B Construction Fund (the Construction Fund). The County Auditor shall continue to maintain the Construction Fund until payment of all costs and expenses incurred in connection with the construction of the Projects have been paid. To the Construction Fund there shall be credited from the proceeds of the Bonds the amount described in Section 3 hereof, and from the Construction Fund there shall be paid all construction costs and expenses. There shall also be credited to the Construction Fund all special assessments collected with respect to the Projects until all costs of the Projects have been fully paid. All special assessments on hand in the Construction Fund when terminated or thereafter received, and any Bond proceeds not so transferred, shall be credited to the General Obligation Watershed Improvement Bonds, Series 2013B Bond Fund. All proceeds of the Bonds deposited in the Construction Fund will be expended solely for the payment of the costs of the Projects, including payment of interest on the Bonds during construction of the Projects.

SECTION 5. BOND FUND. So long as any of the Bonds are outstanding and any principal of or interest thereon unpaid, the County Auditor shall maintain a separate debt service fund on the official books and records of the County to be known as the General Obligation Watershed Improvement Bonds, Series 2013B Bond Fund (the Bond Fund), and the principal of and interest on the Bonds shall be payable from the Bond Fund. The County irrevocably appropriates to the Bond Fund (i) accrued interest and unused discount received from the Purchaser upon delivery of the Bonds; (ii) all special assessments and ad valorem taxes levied and collected in accordance with this Resolution, except as otherwise provided in Section 4 hereof and (iii) all other moneys as shall be appropriated by the Board to the Bond Fund from time to time. If the aggregate balance in the Bond Fund is at any time insufficient to pay all interest and principal then due on all Bonds payable therefrom, the payment shall be made from any fund of the County which is available for that purpose, subject to reimbursement from the Bond Fund when the balance therein is sufficient, and the Board covenants and agrees that it will each year levy a sufficient amount of ad valorem taxes to pay any accumulated or anticipated deficiency, which levy is not subject to any constitutional or statutory limitation.

There are hereby established two accounts in the Bond Fund, designated as the "Debt Service Account" and the "Surplus Account." There shall initially be deposited into the Debt Service Account upon the issuance of the Bonds the amount set forth in (a) above. Thereafter, during each Bond Year (i.e., each twelve month period commencing on February 2 and ending on the following February 1), as monies are received into the Bond Fund, the County Auditor shall first deposit such monies into the Debt Service Account until an amount has been appropriated thereto sufficient to pay all principal and interest due on the Bonds through the end of the Bond Year. All subsequent monies received in the Bond Fund during the Bond Year shall be appropriated to the Surplus Account. If at any time the amount on hand in the Debt Service Account is insufficient for the payment of principal and interest then due, the County Auditor shall transfer to the Debt Service Account amounts on hand in the Surplus Account to the extent necessary to cure such deficiency. Investment earnings (and losses) on amounts from time to time held in the Debt Service Account and Surplus Account shall be credited or charged to said accounts.

SECTION 6. SPECIAL ASSESSMENTS. The Board and managers of the District have heretofore done all acts and things necessary to be done prior to the construction of the Projects and have determined the benefits and damages resulting from the Projects to all property affected thereby, and have filed the statement required by Minnesota Statutes, Section 103D.901 and 103E.601. The County Auditor has prepared and filed a lien statement in the office of the County Recorder, whereupon the special assessments levied with respect to the Project have become a lien on the properties on which they are levied. The County hereby covenants and agrees that, for the payment of the cost of the Projects, the County has done or will do and perform all acts and things necessary for the final and valid levy of special assessments in an amount not less than \$2,000,000. The principal of the special assessments shall be made payable in annual installments, with interest as established by this Board in accordance with law on unpaid installments thereof from time to time remaining unpaid, such that the collections of special assessments and interest thereon will be sufficient to pay the principal of and interest on the Bonds when due. In the event any special assessment shall at any time be held invalid with respect to any lot or tract of land, due to any error, defect or irregularity in any action or

proceeding taken or to be taken by the County or by this Board or by any of the officers or employees of the County, either in the making of such special assessment or in the performance of any condition precedent thereto, the County hereby covenants and agrees that it will forthwith do all such further things and take all such further proceedings as shall be required by law to make such special assessment a valid and binding lien upon said property.

SECTION 7. PLEDGE OF TAXING POWERS. For the prompt and full payment of the principal of and interest on the Bonds as such payments respectively become due, the full faith, credit and unlimited taxing powers of the County shall be and are hereby irrevocably pledged. It is, however, presently estimated that the special assessments appropriated to the Bond Fund pursuant to Section 6 will provide sums not less than 5% in excess of principal and interest on the Bonds when due, and therefore no tax levy is presently required.

SECTION 8. DEFEASANCE. When all of the Bonds have been discharged as provided in this section, all pledges, covenants and other rights granted by this Resolution to the registered owners of the Bonds shall cease. The County may discharge its obligations with respect to any Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full; or, if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued from the due date to the date of such deposit. The County may also discharge its obligations with respect to prepayable Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Registrar on or before that date an amount equal to the principal, interest and redemption premium, if any, which are then due, provided that notice of such redemption has been duly given as provided herein. The County may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank or trust company qualified by law as an escrow agent for this purpose, cash or securities which are authorized by law to be so deposited, bearing interest payable at such time and at such rates and maturing or callable at the holder's option on such dates as shall be required to pay all principal, interest and redemption premiums to become due thereon to maturity or earlier designated redemption date.

SECTION 9. TAX COVENANTS; ARBITRAGE MATTERS; REIMBURSEMENT AND CONTINUING DISCLOSURE.

9.01. General Tax Covenant. The County covenants and agrees with the owners from time to time of the Bonds, that it will not take, or permit to be taken by any of its officers, employees or agents, any action which would cause the interest on the Bonds to become includable in gross income of the recipient under the Internal Revenue Code of 1986 (the Code) and applicable Treasury Regulations (the Regulations), and covenants to take any and all affirmative actions within its powers to ensure that the interest on the Bonds will not become includable in gross income of the recipient under the Code and the Regulations. The County represents and covenants that the Projects will be owned and maintained by the County as part of its publicly available system of drainage ditches. The County has not and will not enter into any lease, management contract, operating agreement, flow agreement, use agreement or other contract relating to the use, operation or maintenance of the Projects which would cause the

Bonds to be considered "private activity bonds" or "private loan bonds" pursuant to Section 141 of the Code.

9.02. Arbitrage Certification. The Chairperson and County Auditor being the officers of the County charged with the responsibility for issuing the Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with the provisions of Section 148 of the Code and applicable Regulations, stating that on the basis of facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds, it is reasonably expected that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of the Code and the applicable Regulations.

9.03. Arbitrage Rebate Exemption. The City acknowledges that the Bonds are subject to the rebate requirements of Section 148(f) of the Code. The City covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under said Section 148(f) and applicable Regulations, unless the Bonds qualify for an exception from the rebate requirement pursuant to one of the spending exceptions set forth in Section 1.148-7 of the Regulations and no "gross proceeds" of the Bonds (other than amounts constituting a "bona fide debt service fund") arise during or after the expenditure of the original proceeds thereof.

9.04. Reimbursement. The County certifies that the proceeds of the Bonds will not be used by the County to reimburse itself for any expenditure with respect to the Projects which the County paid or will have paid more than 60 days prior to the issuance of the Bonds unless, with respect to such prior expenditures, the County shall have made a declaration of official intent which complies with the provisions of Section 1.150-2 of the Regulations, provided that a declaration of official intent shall not be required (i) with respect to certain de minimis expenditures, if any, with respect to the Projects meeting the requirements of Section 1.150-2(f)(1) of the Regulations, or (ii) with respect to "preliminary expenditures" for the Projects as defined in Section 1.150-2(f)(2) of the Regulations, including engineering or architectural expenses and similar preparatory expenses, which in the aggregate do not exceed 20% of the "issue price" of the Bonds.

9.05. Continuing Disclosure. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the County hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds. The County is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. The County has complied in all material respects with any undertaking previously entered into by it under the Rule. If the County fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any

agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The County will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the County, the following information at the following times:

- (1) on or before twelve (12) months after the end of each fiscal year of the County, commencing with the fiscal year ending December 31, 2012, the following financial information and operating data in respect of the County (the Disclosure Information):
 - (A) the audited financial statements of the County for such fiscal year, prepared in accordance with generally accepted accounting principles in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the County, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the County; and
 - (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under headings: "VALUATIONS--Property Valuations," "DEBT—Direct Debt," "TAX LEVIES AND COLLECTIONS" and "GENERAL INFORMATION—U.S. Census Data" and "- Employment / Unemployment Data," which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the County shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the County shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access System (EMMA) or to the SEC. If the document incorporated by

reference is a final official statement, it must be available from the MSRB. The County shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the County have materially changed or been discontinued, such Disclosure Information need no longer be provided if the County includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other County operations in respect of which data is not included in the Disclosure Information and the County determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the County shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events (each a Material Fact):
 - (A) Principal and interest payment delinquencies;
 - (B) Non-payment related defaults, if material;
 - (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (E) Substitution of credit or liquidity providers, or their failure to perform;
 - (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
 - (G) Modifications to rights of security holders, if material;
 - (H) Bond calls, if material, and tender offers;
 - (I) Defeasances;
 - (J) Release, substitution, or sale of property securing repayment of the securities, if material;
 - (K) Rating changes;
 - (L) Bankruptcy, insolvency, receivership or similar event of the obligated person;
 - (M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - (N) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

As used herein, for those events that must be reported if material, an event is "material" if it is an event as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also "material" if it is an event that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(3) In a timely manner, notice of the occurrence of any of the following events or conditions:

- (A) the failure of the County to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
- (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the County under subsection (d)(2);
- (C) the termination of the obligations of the County under this section pursuant to subsection (d);
- (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
- (E) any change in the fiscal year of the County.

(c) Manner of Disclosure.

- (1) The County agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the County in this section shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the County under this section shall terminate and be without further effect as of any date on which the County delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the County to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the County from time to time, without notice to (except as provided in paragraph (c)(3) hereof) or the consent of the Owners of any Bonds, by a resolution of this Board filed in the office of the recording officer of the County accompanied by an opinion of Bond Counsel, who may rely on certificates of the County and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the County or the type of operations conducted by the County, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the County agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

SECTION 10. CERTIFICATION OF PROCEEDINGS.

10.01. Registration. The County Auditor is hereby authorized and directed to file a certified copy of this Resolution in the records of the County Auditor and obtain a certificate that the Bonds have been duly entered upon the Auditor's Bond Register.

10.02. Certification of Records. The officers of the County are hereby authorized and directed to prepare and furnish to the Purchaser and to Dorsey & Whitney LLP, Bond Counsel, certified copies of all proceedings and records relating to the Bonds and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Bonds, as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the County to the correctness of all statements contained therein.

10.03. Official Statement. The Official Statement relating to the Bonds, dated as of June 27, 2013, and the supplement thereto, relating to the Bonds prepared and distributed by Ehlers & Associates, Inc., the financial consultant for the County, is hereby approved. Ehlers & Associates, Inc. is hereby authorized on behalf of the County to prepare and distribute to the Purchaser within seven business days from the date hereof, a supplement to the Official Statement listing the offering price, the interest rates, selling compensation, delivery date, the underwriters and such other information relating to the Bonds required to be included in the Official Statement by Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934. The officers of the County are hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness and sufficiency of the Official Statement.

10.04. Authorization of Payment of Certain Costs of Issuance of the Bonds. The County authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to KleinBank on the closing date for further distribution as directed by the County's financial advisor, Ehlers & Associates, Inc.

Upon vote being taken thereon the following voted in favor thereof:

Ingersoll, Campbell, Evert, Gross, Weyland

and the following voted against the same:

None

whereupon the resolution was declared duly passed and adopted